

EUROPEAN TRAINING FOUNDATION

Policy Options – reform linkages

Following the Country Report “Overview of the
relationship between Human Capital
Development and Equity in Moldova”

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Introduction

The Country Report “Overview of the relationship between Human Capital Development and Equity in Moldova” outlined a series of conclusions regarding the state of human capital development in Moldova. It also highlighted main drawbacks and constraints that have affected the human capital development throughout the period since independence. The main drawbacks and constraints are centered on three dimensions which are critical for understanding relationship between human capital development and equity: access, choice and quality. These constraints transcend from the sphere of basic education to that of adult training.

However, with right mix of policies, strong political will and external support these obstacles can be overcome. For this purpose, this document puts forward a series of policy options targeting obstacles at three fundamental levels of education (basic, specialized and adult training) affecting the three core equity dimensions of access, choice and quality. Most of these options are interrelated and mutually reinforcing: for instance, the proposals for improvement of the governance will likely influence the financial sustainability of the education institutions which eventually will reflect in the quality of the provided services. On the other hand, it is important to take note of the fact that some policy proposals aimed at increasing efficiency can only be implemented if compensatory schemes and mechanisms are in place to prevent negative social consequences or outright exclusion of children and adults from the opportunities to develop their human capital. A relevant example in this regard is the optimization of the schools network by temporarily or permanently closing down schools in small rural communities which are presently underused because of the constantly declining number of pupils: this option should not be pursued before school buses are purchased by the remitting local communities and roads are rehabilitated to ensure secure and smooth transport of children and teachers.

This document therefore seeks to offer a balanced set of policy options needed to start dealing with the constraints hindering development of human capital development in Moldova. It includes relevant proposals discussed at the roundtable “Human Capital Development and Equity in Moldova” that took place in Chisinau on June 10, 2010 gathering together key national experts and policymakers to discuss the current situation and challenges that Moldova faces regarding its human capital.

Main problems affecting Human Capital formation in Moldova

Lack of universal access to education and training

Access dimension in education and adult training covers such aspects as physical/geographical, financial and cultural, all with major influences on access to the services.

Poor road infrastructure is a barrier against accessing education institutions, especially for rural children, who frequently should walk long distances to schools. This is a serious disincentive for rural children to attend school, especially when the roads are in extremely poor conditions or impracticable for the reasons of bad weather. Children with physical disabilities are another discriminated group regarding the access to education, as the general schools generally miss the necessary infrastructure for these

children to attend common schools. There are also social prejudices impeding social integration of the disabled children, and unfortunately these prejudices originate not only from other non-disabled children, but also from teachers in general schools. They frequently oppose integration of disabled children in normal classes for the reason that this is not “appropriate”. Lack of necessary financial resources is another problem, especially for multi-children families, poor families and families with disabled children. There are still many children from these categories that are not enrolled in education due to poverty reason. Cultural reasons of limited access refer to the family “work” values, according to which many children go to work instead of going to school or work after school and do not have time to prepare their homework. Similar “cultural” reasons explain the big number of children left unattended by their parents (including migrants’ children). Although not very numerous in general population, Roma children are not fully integrated in the educational system and are disadvantaged compared to other children; in case of Roma, cultural reasons (traditional self-exclusion) apparently are the most important precluding their access to education.

The fundamental culprit of population’s lower attendance in non-mandatory educational institutions in Moldova in comparison with the European average is related to financial aspects. One problem consists of high tuition fees which are unaffordable to poor families and limit their access to specialized education unless a tuition waiver is provided or the state covers the full tuition. Another problem which affects poor families is related to the necessity to cover students’ living costs which are quite big. This is relevant for those born outside the capital city (Chisinau) and, to a lower extent, Balti, Cahul and Comrat cities, but are studying in schools located in these cities. This problem remains relevant despite the state scholarships ranging from 25 Euro to 35 Euro, not even enough to cover half of students’ living expenses. Poverty, especially among multi-children families, is another fundamental problem affecting the access of these categories of population to non-mandatory education. Additionally, corruption and informal payments, widely present in most specialized education institutions, serve as important barriers against access of students from poor families to higher education. Another relevant issue is determined by the quality of basic education (see Chapter “Policy Options for Basic Education”), which makes the new entrants, especially from rural areas where the quality of basic education is much lower, unable to take advanced courses taught at specialized educational institutions.

As much as access to adult training is concerned the obstacles to development are centered around three main pillars: financial, legal and cultural. The lack of financial means is the main obstacle the small and medium companies face while making the decision whether to invest in training of their employees or not. This is particularly true of rural-based companies, which often work in the agricultural sector. Given the role the SME play in economic development the lack of access to adult training should be of real concern for decision-makers. Another important barrier is legal framework, which can either constrain or simply not allow for provisions that would facilitate private investment in the adult training. Such constraints may vary from the lack of fiscal stimuli to a somewhat rigid system of certification in the area of adult training. Furthermore, cultural clichés can often appear as obstacles in an ample implementation and promotion of adult training. For instance, our study showed that many local,

especially rural-based companies do not see the adult training as necessary for advancing workers skills and as conducive to increased labor productivity at the respective enterprises.

Limited choice

Even when integrated in the educational system, different groups of children have different opportunities and choices based on their territorial location or social origin/status. Thus, choice dimension in equity in education is reflected in three aspects: physical, academic and extracurricular activities. Rural and disabled children are more limited in choosing a specific educational institution due to the existence of usually one educational institution in the village or in the neighborhood. This is especially a problem for children with special needs. Also, rural children are more limited in subject choices, for example regarding the foreign language learnt in schools. Due to the lack of teachers for English language, more rural children study French or Spanish, although this is not their choice by default. This has important impact, because most of the employers offering positions where foreign languages are necessary demand good knowledge of English, less of other languages. There is also a lack of young teachers in other subjects in rural areas. Another important inequity in choice for rural and small urban localities children is the availability of extracurricular activities, which are as important in human capital development as formal education per se.

The choice in specialized educational institutions is mainly influenced by financial and cultural issues, quality of education offered and quality of specialized equipment. It is also related to the small number of educational establishments providing top quality education. Essentially, the problems related to financial aspects are described in the previous subchapter but are relevant for this one as well. Thus, issues related to tuition fees, living costs, poverty and informal payments influence the decision which the students take regarding the educational institution and/or specialization. The main issues related to cultural aspects consist of the influence of parents' preferences on their children educational choices. As a result, children with parents having poorer educational background tend to be less educated, as well. Additionally, prestige and the demand on the labor market also tend to influence peoples' choice of the specialized education. In this case, the most vulnerable group are again the poor families which, despite an enormous financial effort, often tend to invest in specializations and/or educational institutions considered in vogue. Another issue affecting the choice is related to varying quality of education in general and poor quality of specialized equipment at VET schools in particular.

Apart from these constraints affecting the access of the companies to adult training programs, there is an important hurdle related to the choice with respect to adult training providers. This hurdle results from the underdevelopment of the local market of training providers. This is the problem characteristic for most of the economic sectors, but is mostly obvious in the traditional sectors (agriculture and food, constructions, light industry, etc.) where modernization has been either slow or not evenly spread.

Quality: more to be desired

Quality of education suffered a downward trend especially in the rural areas. There are several aspects related to the quality problem: quality of teaching staff, technical endowment of the schools,

extracurricular activities outside schools, informal additional payments and inefficient spending of public money in educational system. Children from rural areas are mostly disadvantaged when it comes to the quality of teaching staff which is getting older each year and the willingness of the fresh graduates to teach in rural areas is low due to the poor social and physical infrastructure. Also, there are no available teachers for each subject. Another important aspect for children in rural areas is the access to information and namely, access to internet as no broad-band internet connection exists in every village or access to extracurricular activities, which is an important part of human capital development and widen children' vision on the studied subjects. The children from rural areas are also disadvantaged as the schools are less equipped for special subjects and the local authorities are less able to contribute to financing the schools and the funds collected through parents' association are lower. Another group of disadvantaged children are those from poor families that cannot afford every time to pay for the rental of books or for additional paid classes that is a common practice in schools. Additional classes, together with bribes might serve as a disincentive for some students to study, which consequently results in lower quality of education affecting everybody.

The poor quality of specialized education in the Republic of Moldova is a significant issue of concern which is determined by wide set of aspects: teaching staff, technical endowment, public money spending, informal payments and educational curriculum. Poor quality of teaching staff is a fundamental issue affecting the educational and, respectively, the human capital quality. Due to low wages in the educational sector many professors lack motivation to supply qualitative services, while others migrate to other sectors inside or outside the country. Thus, during the last years Moldova feels an acute shortage of qualified teaching staff. Poor quality and, even, insufficiency of specialized equipment is a major issue of concern affecting both the choice and the quality of education. In many educational institutions, especially VET schools, students do not have adequate and up-to-date equipment where they could gain practical skills. As a result, the educational system cannot supply the labor force in line with the economy current needs, which negatively affect the quality of employment of young graduates as well. As we have already mentioned, the educational system financing is very burdensome for the state budget of Moldova. The main culprit in this case is the big number of the auxiliary staff which significantly inflates the wage bill in the educational system. The increasing dependence of educational institutions on the state budget decreased their accountability and undermined the equity and efficiency of public money allocation in this sector. Corruption is another major issue affecting the quality of specialized education. Finally, non-adequate educational curriculum is the fundamental issue which does not motivate students to actively participate in the educational process, as well as determines poor sequences of the studied subjects. A distinct feature of the above stressed problems is that they do not have distinct categories of vulnerable groups, which means that almost every student faces such problems.

The final dimension affected by the constraints is the quality of adult training provided. Higher quality of adult training is obstructed by a series of factors. Some of these factors have already been mentioned in this analysis. For instance, shallow market of the training providers' influences adversely not only the choice dimension, but also quality, since companies find it increasingly difficult to select quality training

provider. The same goes for the financial constraints faced by the small enterprises since higher quality adult training is normally more expensive. However, there is also a factor that affects mostly quality of the trainings provided: outdated equipment and curricula at many training providers. The factors behind this situation are related both to the lack of funds necessary for the respective upgrades, but also to the reluctance often both at the level of the public authorities and educational institutions providing trainings to modernize and to accept the new curricula and occupational standards.

Policy options

Strategic overview

The deterioration of the human capital is a result of slow economic transformations in Republic of Moldova during the last two decades of transition. Despite evident worsening of the human capital, there was not clear governmental strategy to preserve and develop the country's human capital. The Government has set a minimum limit of expenditures for education as a share of GDP (7%), but this was insufficient to ensure the quality of education and a proper development of the human capital of the country. While Moldova spends much in relative terms on education, the money is spent inefficiently.

Therefore, the optimization of the intra-sectoral expenditure and increase in the efficiency of public money spending on education should be a priority for the Government. Firstly, this involves the optimization of the school network by merging schools, which have a considerable lower number of students than their capacity. The establishment of larger schools with a higher number of students will allow the development of extracurricular activities in rural areas. Another source of optimization is reducing the number of auxiliary staff, which is high in Moldova by international standards, especially in vocational education. The money saved should be used on other issues that influence the quality of education and represent priorities currently: teachers' salaries and school infrastructure (equipment, books and buildings).

Another important issue that would solve more problems in the educational system, but also is critical in the development of the country is the investment in local roads. In order to achieve progress in the optimization of school network and provide proper transportation for the children who would attend schools outside their locality the road infrastructure is crucial. Only in this case the procurement of school busses may be feasible and more sustainable. Road and transport infrastructure may also partially solve the problem of inexistent extracurricular activities in rural areas and their possible attendance in the districts' centers.

Poor cooperation between educational institutions with private companies is a significant matter of concern which determines the necessity for urgent and consequent policy responses. In order to tackle this problem, the Government has to stimulate this cooperation through fiscal, legal and institutional tools. Importantly, it has to address the lack of interest of private companies in employing young graduates or accepting students at internships. Another aspect of this cooperation would be the opportunity for the educational institutions, especially VET schools, to rent the companies' equipment

for practical lessons, while the companies having the possibility to employ on long term contracts (3-5 years) the best schools' graduates.

A major problem which has to be addressed by the Government is the poor cooperation between Moldovan educational institutions with the European ones. The Government has to undertake decisive measures and to prove a clear political will for expanding the cooperation with other European educational institutions, educational networks and relevant donors. This would lead to the intensification of students/teachers exchanges which would significantly improve the quality and education provided and would motivate teachers and students to participate more actively in the educational process.

Underinvestment in adult training programs made by Moldovan companies derives from the deficient financial, cultural and cooperation aspects. Respectively, the policy options should be aimed at stimulating the companies to disburse more funds for such activities through fiscal tools, raising employers' and employees' awareness, as well as through enhancing the cooperation with donors for getting financial and informational support.

Furthermore, most of the drawbacks outlined here have been increasingly taken into consideration by the Government and donor community. The new Government's priority framework "Rethink Moldova", endorsed by the donor community at the last Consultative Group Meeting in Brussels (March, 2010), put special emphasis on the improvements needed in quality and access to education. In order to achieve this government aims at making the public financing of education more equitable and efficient, optimizing the nationwide school network, and improving schooling conditions. Government also seeks to develop a demand-driven vocational education and training system. The donor community has already pledged significant assistance for supporting these goals. Moreover, the Government's and donors' support will also aim at achieving such cross-cutting issues as rehabilitation of road infrastructure and combating corruption, which will indirectly support the efforts in the education area.

The present policy options are interlinked and should be seen and implemented as parts of a reform package. For example, a finance and governance reform can be envisaged in the medium term. It is clear from the analysis undertaken in this report, that the current finance and governance model is inadequate for the challenges facing the Moldovan education and training system. Resolving only one issue at a time may lead to suboptimal solutions, so it is recommended to work out a comprehensive and compromise package where all parties are rewarded for agreeing to change the system. The gains of one change can be used to finance the introduction of another change, e.g. the savings accrued from closing a school can be used to increase the salaries of the teachers, which in turn may make it easier to stop informal payments.

The important thing is that the elements should form part of an integrated strategy. Pace of implementation may vary however depending on the adopted measure. The optimization of the school network, for example, will have to be preceded by a detailed analysis of the spill over effects.

Similarly, it is possible to identify other areas for reform packages: basic education for all and responsiveness of education and training.

The strategic recommendation here is to work towards new social contract on education in Moldova. The exact nature of the elements is a matter of national debate, although key issues are detected from the analysis we have conducted. In the following pages bold has been used to indicate how elements can be linked. Several of the proposed elements can only be introduced in the medium- to long-term; nonetheless pilot experiments should start in small areas to evaluate their effects. This will allow minimizing negative effects as far as possible when the reforms are introduced on a national scale.

Detailed analysis of policy elements

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
Finance reforms Despite high public expenditure on education (8.2% of GDP) the outcomes of the educational system are not acceptable in terms of quality, access and choice. This is a result of inefficient intra-sectoral spending and high level of unofficial payments in educational system. The policy measures below provide a general framework for improving the current situation in the educational system. These measures include options for intra-sectoral optimization and reduction of unofficial payments and bribes.								
<i>Prohibit paying for additional classes in schools</i>	Additional classes are common practice in all schools. These create incentives for the teachers not to teach very efficiently during curricular classes, so that the demand for additional classes is artificially increased	Ensure social justice among pupils and quality of the training	Zero additional paid classes in secondary education organized in schools	Discontents of the teaching staff -> hence it should be linked to the introduction of higher salaries financed through other reform elements	Adequate monitoring of the interdiction of additional classes by the Ministry of Education, but also parents may inform the Ministry of Education on how well teachers conform to the new requirements	Ministry of Education, districts' departments for education	No cost	-
<i>Optimize schools' network</i>	Despite the relatively high share of resources spent for education, 8.2% of GDP in 2008, these are spent inefficiently; therefore the quality of education is very low. 116 school with less than 100 students and 414 schools with 101-200 students	Optimization of the expenditures in the educational system and increase in quality of basic education through the consolidation of teaching resources	Merging schools that are geographically close can lead to a concentration of resources without it having negative effects on the potential students' access and choice	Social tensions in affected villages; political resistance from the part of the mayors; It may have very negative effects on both access and choice. It should therefore be preceded by a pilot experiment in an urban area where these negative effects are likely to be smallest.	Ensure correct evaluation of the school efficiency in terms of students attending the schools and possibilities of merging schools. A study has to determine how far students would have to travel following the closure of their local school	Ministry of Education	Difficult to estimate	State budget
<i>Purchase school buses</i>	Currently, 350 schools are situated at distances bigger than 2 km from some localities.	Increasing access;	Buy 350 school buses	Under-use of buses – this proposal is closely linked to the optimization	Provide short-distance passenger transport serves when buses are	Local mayoralties, district education departments	14 million	state budget, local budgets

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
	Optimization of the school network will further increase the need for good transport services.			proposal. It is less relevant if some schools are not closed, so decisions on purchasing buses should be made after optimizing the number of schools	available			
<i>Reduce number of auxiliary personnel</i>	The wage bill in education is overinflated. Its increasing burden on the state budget is mostly due to an extensive scheme of auxiliary personnel working in educational institutions.	Free up resources necessary to increase core staff salaries and investment	Decrease the wage bill in educational institutions and its burden on the state budget.	Social tension – the financial resources resulting from this measure can be used to either bus students or further increase teacher salaries, so that good teachers will be retained in the education system, or even for the conditional transfers	Promotion of informational campaign about the necessity of this measure; counterbalancing of this measure by more popular actions: increasing investments in educational infrastructure, increasing the teachers' wages etc.	Ministry of Education; Ministry of Finances	No costs	
<i>Developing a wider scheme of merit-based scholarships for covering the tuition fees</i>	The merit-based scholarships range between EUR 25-35; Only few students benefit from tuition waivers.	Stimulate students to study more intensively and to compete for more tuition waivers and 100% tuition scholarship	Offer about 10.000 merit-based scholarships to most talented students.	Best students will migrate; this proposal may increase inequity as the best students are from the best social background – a remedy could be to split the scholarships up on social groups so the best students from each social group had the possibility to win a	Signing special agreements with the educational institutions, would cover full or part of tuition fees of distinct students in exchange for a period (e.g. 3-5 years) of employment after graduation	Ministry of Education; Ministry of Finances	3-4 million per year	State budget; private companies.

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
				scholarship				
<i>Introduce conditional transfers to promote education enrolment</i>	Despite the existence of social allowances for poor children, these should be better targeted and directed specifically towards enrollment and regular attendance in schools	increase enrollment	Provide monthly financial support to all poor families with children of school age. Increase the enrolment rate in lower secondary education to 95% in 2010 and 98% in 2015	Money are not used for children needs	Attendance should be checked by the social assistant in the community; <i>Improving the mechanism of allocation of means-tested scholarships and increasing the scholarships for living costs</i>	Ministry of Education, Ministry of Labor and Social Protection and Family, mayoralities	Difficult to estimate	State budget
<i>Provide each student in basic education with books free of charge</i>	Children from poor families cannot afford paying the rental for the school books	Effectively provide equal opportunities for all children and ensure the quality of education	Provide 43.6 thousand students with a set of schools books free of charge	Deterioration of the books and inability of poor children to pay for their deterioration	Inform students about the costs of books and the necessary payments in case of their deterioration	Ministry of Education	Difficult to estimate	State budget
<i>Ensure full fiscal deductibility of the companies' expenditures on the adult training</i>	Currently the companies' expenditures on the adult training are not fully deductible for fiscal purposes, which creates additional costs and appears to be a disincentive for the private companies (especially, those with smaller budgets) to invest in the training of their employees; companies also face a significant bureaucratic burden in order to prove to the fiscal inspectorate that the training took place	Streamline and facilitate investment in the adult training by the companies	Adult training expenditures are fiscally deductible; The reporting procedure is abolished/simplified;	Risk of tax evasion – the deductibility may be less than 100%, but in any case it is important that it is fully documented and it must be ensured that expenses are relevant for adult training	Clear legal provisions and proper tax collection enforcement	National Tax Inspectorate	Reduced tax income	
<i>Provide fiscal incentives</i>	There are is no interest	Increase the quality	Introduce fiscal	Corruption is the	Monitor and verify	Ministry of	Difficult to	-

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
<i>for the companies to enter cooperation with VET schools and allow schools using their production equipment for students training</i>	from the part of the companies to allow students use the equipment because companies are afraid of equipment being broken.	and relevance of the skills students receive;	incentives such as shorter periods of amortization or compensatory insurance schemes.	most significant risk in this regard, with many companies entering “foggy” agreements to benefit of fiscal deductions with no practical training;	closely the cooperation agreements; enforce contracts including performance indicators be signed;	Finance, Ministry of Education;	estimate;	
Governance Poor outcomes of educational sector are related to weak governance. The sector is not responsive to real needs of the companies and students. There is a gap between the supply of the educational establishments and demand on the labour market. Therefore, the measures below address some of the core weaknesses identified.								
<i>Setting up Advisory Boards in educational establishments that would include the representatives of the education beneficiaries (students, parents, businesses)</i>	Allocation of funds within institutions is not transparent and efficient.	Enhancing the accountability of educational institutions	Increased participation of beneficiaries of the educational system (students, parents, businesses) in the decision making process within the educational institutions	eventual conflict between the advisory board and the administration of educational institutions	Participation should go in line with the democratic principles and the decision making should be highly transparent –	Ministry of Education, social partners	No significant cost	
<i>Consolidation of fiscal autonomy of educational institutions, while increasing their public accountability</i>	The specialized education is highly centralized; educational institutions have limited accountability.	increase the accountability of the educational institutions and would significantly improve the efficiency of money spent	Increased independence and accountability of educational institutions	institutional incapacity to cope with new delegated responsibilities and financial imbalances	Decentralization of public spending should be in line with increasing the revenue-raising power in order to avoid the appearance of unfunded mandates.	Ministry of Education; Ministry of Finances.	No significant cost	
<i>Identification of new sources of income, e.g. allow education institutions to provide education and training to private companies</i>	Educational institutions have very little income other than government subsidies.	Increase the funds available to the schools	Schools are more independent and private companies use the education system for their training purposes	Schools spend too much time chasing alternative funding that the core business is neglected or used as a subsidy for adult training	Introduce national standards of achievements, which a school must meet – this must be tested by inspectors	Ministry of Education must allow the schools to pursue alternative funding; Local schools	nil	

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
<i>Allow schools to keep the income they generate from training services provided on commercial terms</i>	Schools are not allowed to keep the income but rather to send it to Ministry of Education.	Increase financial sustainability of schools network	Clear rules are put in place prescribing a fair division of income between the school and supervisory bodies;	Excessive commercialization of the schools;	Enact an upper share of total time and staff that school allocate for training services provided under commercial terms;	Ministry of Education;	Nil	Not relevant;
Basic education for all The proportion of early school leavers has increased over the last decade, the negative trend seems to consolidate. According to Moldovan Constitution every child has the right to attend and complete basic education. Combined effort are necessary from the part of Ministries (Education, Labour and Social Protection, Economy) addressed to households, schools, local communities, employers (to discourage child labour) to discourage early school leaving and guarantee universal enrollment. Despite improvement in educational attainment in the last 15 years the early school leavers have increased. Rural areas, low income households are particularly affected. Early school leavers are badly positioned for future HCD opportunities.								
<i>For increasing access: Organization of awareness campaigns about importance of getting educated</i>	Children with parents having poorer educational background tend to be less educated; as well people from rural areas are less informed about the educational options.	As a result of these activities households especially from rural areas would be better informed about the benefits of education	Increase in educational attainment level of children in rural areas and whose parents have relatively low educational level.	Poor targeting of the audience which could make the funds to be spent groundlessly.	These actions should be mainly targeted to families where parents have poor educational background, as well as to families with low incomes	Ministry of Education	0.2-0.4 million	State budget, donor programs
<i>For increasing access: Conduct more efficient education anticorruption campaigns</i>	educational system got corrupted due to low teachers' salaries	Increase quality and access to education. Only higher salaries will make it possible to decrease the incentive for corruption	Decrease corruption at all levels of education; eliminate informal payments and bribes in educational system	low efficiency of the campaigns in the absence of decent salaries; poor targeting of audience;	Adequate monitoring of implemented projects	NGOs		donor organizations
<i>For increasing quality: Foster adaptation of new curricula, teaching pedagogy and modern equipment procurement</i>	There have been several instances of efforts on modernization of curricula, mostly promoted by donor-driven projects	Basic education curricula to put the pupils at the centre to meet different needs. Increase the use of ICT in basic education.	Adoption of curricula and pedagogy to meet children's needs	will to modernize this academic framework from the side of the public authorities is the main risk to the implementation of this policy option	Better cooperation of activity between different donors and Ministry of Education	Ministry of Education, Ministry of Economy and Trade, social partners	0.5-1 million	State budget and donor projects (commitment from Romania?)

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<i>For increasing access: Create in schools special infrastructure for disabled children</i>	General schools in Moldova do not have the necessary infrastructure (access infrastructure, special toilets, elevators)	Increasing access; reducing number of institutionalized children;	Put in place basic access infrastructure in all 1485 schools	teachers and other children can oppose integration of disabled children;	train teachers to teach the disabled children in common classes	schools directors, local mayoralties	4 million	local budgets, bilateral donors
<i>For increasing access: Train teaching staff and raise awareness on the needs of disabled children</i>	Teachers are among the main opponents of integrating children with disabilities in the general schools as they consider them having special needs and less able to integrate in the general environment	Increasing access; reducing number of institutionalized children	train 10000 teachers	failure of understanding and continuous opposition of the teaching staff in respect with further integration of disabled children in the general schools	Monitoring of the campaigns and outcomes by the district departments of education and assessing the need of further trainings	NGOs, district departments for education, Ministry of Education	0.5 million	Bilateral donors
<i>For increasing access, choice and quality: Create distance learning facilities in rural schools</i>	There are not enough teachers for some subjects which significantly disadvantages rural children as opposed to the urban ones.	improve quality of education; widen choice;	provide distance learning facilities in 1200 rural schools;	low effectiveness of distance learning; opposition from the existing teaching staff not used to modern techniques;	ensure periodic live interaction of teachers with pupils; ensure proper mentoring during distance learning classes;	Ministry of Education, district departments for education;	3 million (2500 per class x 1200 rural schools)	State budget, bilateral donors
<i>For increasing quality: Facilitate twinning schemes between MD schools and foreign schools.</i>	There are almost no positive examples of twinning schemes between Moldovan and foreign schools.	Increase quality of the provided services. Motivate teachers; engage teachers in development.	ensure 5000 teaching staff participate in international exchange programs	no risks		Ministry of Education, schools directors	difficult to estimate	Use existing funding opportunities in EU programs
Responsiveness of education and training								
The system presents some rigidities, which make it difficult to adapt according to evolving social and economic needs. Parents, students, labour market actors, social actors recognize the value of the national education and training system. It is necessary to introduce flexibility and at the same time accountability.								
<i>For increasing access, choice and quality of TVET: reinforce and diversify offer of post-secondary education (colleges) and higher professional education</i>	Post-secondary education is demanded but not diversified enough. The spectrum of specialization areas in post-secondary non-tertiary education is	Improving the quality and choice of specialized education. Offer of specialists approximates labor market demand.	Articulate the secondary, post-secondary and higher professional. Involve the labor market side to	Poor quality of courses due to the insufficiency of teachers' expertise in the newly introduced specializations;	Ensure an adequate training for teachers regarding the new specialization; adequate planning of expenditures for all the necessary	Ministry of Education. Consultations with social actors about areas of education and training.	3-5 million	State budget, donor programs

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
	narrow. The VET path is disregarded due to its low quality and limited possibilities for progressing.	Higher professional education offer consistent (meaningful) opportunities for progress to post-secondary graduates and adults. The TVET route is more attractive. Introduction of new specializations, demanded on the labour market, in post-secondary non-tertiary educational institutions in order to increase their attractiveness	identify areas for education and training that are demanded but not provided. Increase the number of students in post-secondary non-tertiary educational institutions	insufficiency of funds necessary for printing new books and other materials for teaching the new specializations.	study materials.			
<i>For increasing access, choice and quality: Enhance education and business cooperation notably for TVET (upper secondary TVET and above levels)</i>	TVET (upper secondary and above) does not respond to labor market demand	Involve social partners in defining occupational requirements (labor market demand analysis, skills' needs, occupational profiles). Stimulating companies to hire students on part-time schedules; improving the quality and choice of specialized education.	A higher employment rate among students and young graduates; bring more up-to-date equipment for practical courses	Eventual abuses either from companies' side, by agreeing non-convenient employment contracts with the young graduates, or from school's side, by causing eventual damage to the companies' equipment	The partnership should be based on clear contracts, eventually approved by the Ministry of Education.	Ministry of Education	No costs	-
<i>For increasing choice: Organization of awareness campaigns</i>	Students' choice not necessarily oriented by the actual opportunities	Choice influenced by better informed evaluation of actual	Increase in educational attainment level of	Individual schools do not organize the orientation.	These actions should be mainly targeted	Ministry of Education	0.2-0.4 million	State budget, donor programs

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
<i>and professional orientation</i>	in the labor market. Information of parents and students about education offers and entry into the labor market is poor.	opportunities;	children in rural areas	Graduation data and labor market data not available or used by the schools. .				
<i>Encourage cooperation between more advanced companies and educational institutions</i>	Many educational institutions have not been able to invest properly in modern equipment and instruction materials. Closer cooperation between educational institutions would allow for at least partial transfer of know-how and vaster training opportunities	increase quality of education and training; curriculum should be more focused on specializations that are in line with the current economy's needs; provide necessary equipment;	transfer of know-how and vaster training opportunities for trainees	inefficient adjustment of educational curriculum which could result in the worsening of the quality of education	Dependent on the implementation of the previous measure – if expenses on education and training are made tax deductible, the companies will have a greater incentive to do this	Ministry of Education, Ministry of Economy and Trade, social partners	No significant costs	
<i>Facilitate more donor involvement in the supporting the adult training programs and facilitate partnerships with foreign trainers for local training providers</i>	There is limited donor involvement and lack of coordination of donor support for adult training programs. These programs have been mostly promoted by various farmer support projects in agriculture, SME development being mostly focused on entrepreneurial skill promotion as support for National Employment Agency for training of unemployed.	To provide technical and financial support in order improve quality and choice of the adult training provided in Moldova.	2-3 donor-supported projects focused on adult training provision are launched; 8-10 training providers benefit from skills transfer via established partnerships.	Sustainability of the programs as soon as the foreign support is withdrawn; Resistance to change at the policy level.	Closer partnerships with local private companies eager to burden the costs for higher quality and better tailored training programs; Engagement at the highest political level possible in order to ram through the needed changes – see also proposal to make training tax deductible.	Ministry of Education;	No significant cost.	
<i>Support adult training via Organization for Development of SME</i>	SME development has been for some time one of the priorities of the	To increase SME awareness of the adult training	Project on adult training launched; 100 SMEs benefit	Lack of financial means to support trainings;	Closer cooperation with donor community (see	ODSME	150 – 250 thousand euro over	Foreign assistance projects;

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
<i>(training the trainers)</i>	Moldovan governments shared by various donor support projects. While these projects often focused on issues related to skills enhancement of the SME staff, the focus on continuous adult training has been mostly missing and it has not been a priority for the Government as a whole	importance; To increase skill and best practices transfer from foreign trainers to local ones.	from trainings;		previous policy measure) and business community; Budget support via ODSME;		2-3 years	State budget funds;
<i>Allow companies to issue job training certificates to employees upon completion of the training under the state supervision and ensure these certificates are recognized across the economy</i>	Currently, only specially designed educational and training institutions are entitled to conduct and certify the trainings. The companies, however, often possess the required ability to train the personnel, including via support of the parent or partner companies from abroad	Facilitate skills transfer to employees; Facilitate skills' recognition and labor mobility across the economy	A certain number of companies yearly obtain permission to issue training certificates upon on-job trainings' completion by workers.	Workers retention upon completion of the training; Institutional inertia and opposition on behalf of public authorities;	Clearer contract provisions for individual workers; Stronger political will;	Ministry of Education	No significant costs	State budget
<i>For increasing choice and quality: Increase participation of Moldovan education institutions in international programs</i>	Moldovan youth education and adult training institutions are not actively involved in international programs	increase quality of the provided services	ensure 1000 teaching staff participate in international exchange programs	no risks	-	Ministry of Education, schools directors	difficult to estimate	Use existing funding opportunities in EU programs
<i>For increasing choice and quality: Allow foreign education institutions to open subsidiaries in Moldova</i>	Domestic supply of education services is very limited and of poor quality, while demand high.	increase choice; increase quality of the provided services;	increase number of students in engineering, management, technology	domestic educational institutions not able to compete with foreign ones		Ministry of Education	no significant cost	-
LONG TERM								

Policy measure	Current situation	Intervention aim	Target	Risks	Risk management	Responsible agency	Cost, Euro	Source of funding
<i>Invest in local roads</i>	Current state of the roads in Moldova is a barrier for the transportation of children to schools from different villages and also involvement of children in extra-curricular activities outside their residence locality	Increasing access; Widening choice;	reconstruction and repair of 6500 km – this is linked to the optimization proposal. As students have to be bussed, better transport options will be needed.	improper management of the funds	ensure financial transparency and conduct performance and financial audits;	Ministry of Roads and Local Public Administration	1.5 billion	Road Fund, international donors